

## Interim Report | January – 30 September 2016

**+12%**

LC SALES

**+6%**

EURO SALES

**9.0%**

OPERATING MARGIN

### 3 months ended 30 September 2016

- Local currency sales increased by 12% and Euro sales increased by 6% to €278.9m (€263.2m).
- Number of active consultants decreased by 5% to 2.6m.
- EBITDA amounted to €30.8m (€25.1m).
- Operating margin was 9.0% (7.3%), impacted by -160 bps from currencies, and operating profit €25.2m (€19.1m).
- Net profit was €12.7m (€4.9m,) and diluted EPS €0.23 (€0.09).
- Cash flow from operating activities was €-5.8m (€4.1m).
- During the quarter \$14.1m of the Private Placement debt was prepaid, corresponding to a cash outflow of €9.9m.
- The year to date sales development is approximately 13% in local currency and the development in the fourth quarter to date is approximately 7% in local currency.

### 9 months ended 30 September 2016

- Local currency sales increased by 13% and Euro sales increased by 3% to €894.3m (€872.1m)
- EBITDA amounted to €99.1m (€77.8m).
- Operating margin was 8.6% (6.7%, adjusted\* 7.0%), impacted by -320 bps from currencies, and operating profit was €77.2m (€58.1m, adjusted\* €61.3m).
- Net profit was €41.5m (€25.3m, adjusted\*\* €28.0m) and diluted EPS €0.74 (€0.45, adjusted\*\* €0.50).
- Cash flow from operating activities amounted to €51.4m (€53.5m).

\*Adjusted for non-recurring items of €3.2m during the period 2015

\*\*Adjusted for additional non-recurring items of (€0.5m) during the period 2015

*"We are pleased to report yet another quarter of Euro and local currency growth with healthy improvements in profitability. The strong performance in Asia & Turkey and Latin America continued, while in the CIS the focus remains on returning to sustainable growth and improving margins. We have a solid strategy, a strong financial position with low debt levels and a business model proven to meet challenging market conditions and changing environments."*

CEO Magnus Brännström



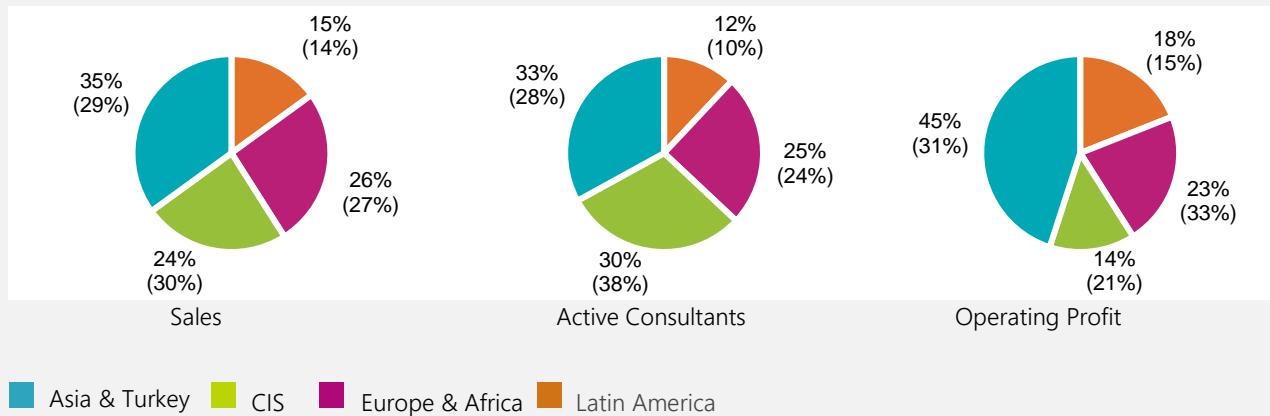
## CEO Magnus Bränström comments

*“We are pleased to report yet another quarter of Euro and local currency growth with healthy improvements in profitability. The strong performance in Asia & Turkey and Latin America continued, while in the CIS the focus remains on returning to sustainable growth and improving margins. The success from our online leaders and the sales of Skin Care and Wellness sets and routines reached new levels, serving as important drivers of the growth. The local currency sales development in the fourth quarter-to-date reflects slightly tougher comparables in the beginning of the quarter as well as volatility in some markets. We have a solid strategy, a strong financial position with low debt levels and a business model proven to meet challenging market conditions and changing environments.”*

## Key financial data

3 months ended 30 September

Oriflame Holding AG is as of the first quarter 2016 reporting in line with the new Global Business Area structure, as reflected below.



Financial summary (€ Million)	3 months ended 30 September			9 months ended 30 September			LTM Oct '15- Sep '16 <sup>3</sup>	Year end 2015 <sup>4</sup>
	2016	2015	Change %	2016	2015 <sup>1</sup>	Change %		
Sales	278.9	263.2	6%	894.3	872.1	3%	1,233.8	1,211.6
Gross margin, %	70.4	67.6		70.5	68.8		70.4	69.2
EBITDA	30.8	25.1	23%	99.1	77.8	27%	138.7	117.4
Operating profit	25.2	19.1	32%	77.2	58.1	33%	109.7	90.6
Operating margin, %	9.0	7.3		8.6	6.7		8.9	7.5
Adj. operating profit	25.2	19.1	32%	77.2	61.3	26%	116.1	100.2
Adj. operating margin, %	9.0	7.3		8.6	7.0		9.4	8.3
Net profit before tax	20.4	9.8	108%	63.2	42.6	48%	87.9	67.3
Adj. net profit before tax	20.4	9.8	108%	63.2	45.8	38%	94.3	76.9
Net profit	12.7	4.9	160%	41.5	25.3	64%	50.4	34.2
Adj. net profit	12.7	4.9	160%	41.5	28.0 <sup>2</sup>	46%	56.7	43.2 <sup>2</sup>
Diluted EPS, €	0.23	0.09	157%	0.74	0.45	62%	0.89	0.62
Adj. Diluted EPS, €	0.23	0.09	157%	0.74	0.50 <sup>2</sup>	46%	1.01	0.79 <sup>2</sup>
Cash flow from operating activities	(5.8)	4.1	N/A	51.4	53.5	(4%)	120.1	122.2
Net interest-bearing debt	111.8	231.3	(52%)	111.8	231.3	(52%)	111.8	171.6
Net interest-bearing debt at hedged values	53.8	159.7	(66%)	53.8	159.7	(66%)	53.8	94.0
Active consultants, '000	2,648	2,796	(5%)	2,648	2,796	(5%)	2,648	3,246
Sales per active consultant, €	104.3	93.3	12%	334.5	309.3	8%	461.7	370.3

<sup>1</sup>Adjusted for non-recurring items of €3.2m <sup>2</sup>Adjusted for additional non-recurring tax items of €0.5m

<sup>3</sup>Adjusted for non-recurring items of €6.4m <sup>4</sup>Adjusted for non-recurring items of €9.6m



*-160 bps*

OPERATING  
MARGIN IMPACT  
FROM FX

## Three months ended 30 September 2016

Sales in local currencies increased by 12% and Euro sales increased by 6% to €278.9m compared to €263.2m in the same period prior year. Sales development in local currencies was impacted by a 17% increase in productivity while the number of active consultants in the quarter decreased by 5% to 2.6m (2.8m).

Unit sales increased by 1% and the price/mix effect was up by 11%, equally divided between price and mix. The positive mix effect is a combination of geographic and product mix, primarily driven by Wellness and Skin Care.

Local currency sales increased by 29% in Asia & Turkey, by 26% in Latin America and by 2% in Europe & Africa, whilst local currency sales decreased by 3% in CIS.

The gross margin was 70.4% (67.6%) and the operating margin amounted to 9.0% (7.3%). The operating margin was negatively impacted by currency movements of 160 bps, higher selling and marketing expenses and higher costs for the share incentive plan, offset by lower administrative costs, lower cost of sales and positive price/mix effects.

Net profit amounted to €12.7m (€4.9m) and diluted earnings per share amounted to €0.23 (€0.09).

Cash flow from operating activities decreased to €-5.8m (€4.1m).

The average number of full-time equivalent employees decreased to 6,123 (6,350) as a result of various efficiency measures.

## Nine months ended 30 September 2016

Sales in local currencies increased by 13% and Euro sales increased by 3% to €894.3m compared to €872.1m in the same period prior year. Sales development in local currencies was impacted by an 18% increase in productivity while the number of active consultants decreased by 5%.

The gross margin amounted to 70.5% (68.8%) and the operating margin to 8.6% (6.7%, adjusted 7.0%). The operating margin was negatively impacted by currency movements of 320 bps and higher costs for the share incentive plan, offset by lower selling and marketing expenses and positive price/mix effects.

Net profit amounted to €41.5m (€25.3m, adjusted €28.0m) and diluted earnings per share was €0.74 (€0.45, adjusted €0.50).

Cash flow from operating activities amounted to €51.4m (€53.5m).

## Operational highlights

### Brand and Innovation

Healthy growth was seen across most product categories during the quarter, with the strategic categories Skin Care and Wellness being the fastest growing, fuelled by successful sales of sets and routines. The Skin Care growth was also supported by the new China dedicated Skin Care brand *InnoAge*.

In Colour Cosmetics a “Trend Collection” was launched within *The ONE* brand under the name *The ONE Featherlight*, consisting of mascara, lipstick, eye shadow and blush.

The main launches within the Fragrance category during the quarter were *Venture*, *Memories* and *Amazing Paradise EDP*.

The bestselling brands within the Personal and Hair Care category were *Nature Secrets* and *Discover*, driven by successful launches in the bath & shower segment.

### Online

The utilization of Oriflame’s online services continued to grow during the third quarter, with the share of visits using mobile devices approaching 50% in most markets. The continued rollout of the *Oriflame Beauty app* has resulted in more than 400,000 downloads over the year. Increased engagement with Oriflame’s digital services was achieved through the upgraded version of the *Oriflame Business app* that aims to stimulate consultant growth earlier during the consultant journey.

During the quarter, the rollout of the company’s new e-commerce platform was initiated with encouraging results in the pilot markets in terms of transactional capacity, performance and usability. The digital platform development is focused on expanding and integrating online payment options, digital catalogue presentation, product availability communication and mobile optimization of key business tools for consultants.



MORE THAN 400,000  
DOWNLOADS OF  
THE ORIFLAME  
BEAUTY APP



### **Service and Manufacturing**

Service levels were healthy during the quarter and the number of inventory days remained low.

The efforts to improve the capacity utilization and other efficiency measures have rendered further positive results in the quarter, although the overall utilisation of assets remains a challenge. Further opportunities of increased insourcing, adding technologies and exploring external sales alternatives are currently evaluated and implementations will be made in the coming quarters.

During the quarter, Oriflame entered a long term partnership with IBM to outsource its IT and financial operational services. In order to support the continued digital business transformation of Oriflame in the IT and finance areas, IBM will bring new levels of customer focus, productivity and automation to its technology and internal processes. The new partnership will cover the entire Oriflame group, beginning in September 2016 and fully implemented by the end of 2017 and is expected to provide Oriflame with annual savings of approximately €3 million to be reinvested in Oriflame's continued IT development. The implementation is developing well and ahead of plan, which also means that some of the integration activities and costs will be taken earlier than expected.



18.1%

OPERATING  
MARGIN

## Asia & Turkey

### Key figures

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Sales, €m	77.2	100.4	103.9	109.5	97.5
Sales growth in €	34%	32%	23%	26%	26%
Sales growth in lc	26%	28%	31%	35%	29%
Op profit, €m <sup>1</sup>	10.7	19.8	14.7	23.1	17.7
Op margin	13.8%	19.8%	14.2%	21.1%	18.1%
Active consultants, '000	790	928	961	923	895
Sales /active consultant, €	97.8	108.2	108.2	118.8	109.0

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

China, India, Indonesia, Myanmar, Pakistan, Sri Lanka, Thailand, Turkey, Vietnam.

### Development

Third quarter sales growth in local currencies was 29% as a result of a 13% increase in the number of active consultants and a 16% increase in productivity. Euro sales were up by 26% to €97.5m (€77.2m). The strong performance continued in China, Indonesia and Vietnam, while the development in India was weaker during the quarter. The combination of online activity, solid leadership and the focus on Skin Care and Wellness sets and routines continues to drive the growth in the region.

Operating margin increased to 18.1% (13.8%) and operating profit was €17.7m (€10.7m). The margin was favourably impacted by the geographical mix.

## CIS

### Key figures

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Sales, €m	77.2	104.0	86.6	78.0	67.2
Sales growth in €	(32%)	(30%)	(20%)	(20%)	(13%)
Sales growth in lc	(9%)	(13%)	0%	4%	(3%)
Op profit, €m <sup>1</sup>	7.1	8.9	7.2	5.2	5.5
Op margin	9.2%	8.6%	8.4%	6.7%	8.1%
Active consultants, '000	1,075	1,281	1,133	913	784
Sales /active consultant, €	71.8	81.2	76.4	85.4	85.7

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Russia, Ukraine.

### Development

Local currency sales in the third quarter decreased by 3%, as a result of a 27% decrease in the number of active consultants and an increase in productivity of 24%. Euro sales were down by 13% to €67.2m (€77.2m). Local currency sales in Russia decreased by 2% and the situation in Ukraine was continuously challenging. Although the leadership development and the online activity stayed on high levels in the region, challenges remain with fully realizing the implemented price increases as consumers are downtrading within the categories. Measures are taken to tackle the difficulties in the region with continued efforts to return to sustainable growth and improving the profitability.

Operating profit amounted to €5.5m (€7.1m) resulting in an operating margin of 8.1% (9.2%). Margins were affected by an unfavourable product mix and negative operating leverage.

-3%

LOCAL CURRENCY  
SALES



12.7%  
OPERATING  
MARGIN

## Europe & Africa

### Key figures

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Sales, €m	71.3	97.0	82.4	81.2	70.4
Sales growth in €	2%	3%	1%	3%	(1%)
Sales growth in lc	2%	3%	2%	7%	2%
Op profit, €m <sup>1</sup>	11.0	15.2	11.8	12.4	8.9
Op margin	15.4%	15.7%	14.3%	15.2%	12.7%
Active consultants, '000	663	774	768	740	655
Sales /active consultant, €	107.6	125.4	107.3	109.7	107.6

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

Algeria, Bosnia, Bulgaria, Croatia, Czech Rep., Denmark, Egypt, Estonia, Finland, Greece, Holland, Hungary, Kenya, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Morocco, Nigeria, Norway, Poland, Portugal, Romania, Tanzania, Tunisia, Serbia, Slovakia, Slovenia, Spain, Sweden, Uganda, UK/Ireland.

### Development

Local currency sales in the third quarter increased by 2%, as a result of a 1% decrease in active consultants and 3% increase in productivity. Euro sales decreased by 1% to €70.4m (€71.3m). Stable sales in Europe during the quarter while the performance in Africa improved, although the macroeconomic challenges in many of the markets remain.

Operating profit amounted to €8.9m (€11.0m) and operating margin decreased to 12.7% (15.4%), impacted by negative currency movements primarily in Africa, one-off conference costs and negative timing of overhead costs.

26%  
LOCAL CURRENCY  
SALES

## Latin America

### Key figures

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Sales, €m	35.3	35.6	29.4	38.5	40.9
Sales growth in €	8%	10%	(3%)	8%	16%
Sales growth in lc	15%	17%	13%	27%	26%
Op profit, €m <sup>1</sup>	5.0	5.1	2.6	6.1	7.2
Op margin	14.1%	14.3%	8.9%	15.8%	17.6%
Active consultants, '000	268	263	243	286	314
Sales /active consultant, €	131.6	135.6	120.9	134.5	130.2

<sup>1</sup>Excludes costs accounted for in the segments Manufacturing and Other such as financial expenses, gain/loss on exchange rates, market support and manufacturing overheads. This is in line with prior years.

### Countries

Chile, Colombia, Ecuador, Mexico, Peru.

### Development

Local currency sales in the third quarter increased by 26% as a result of a 17% increase in the number of active consultants and a 9% increase in productivity compared to prior year. Euro sales were up by 16% to €40.9m (€35.3m). Most markets performed well during the quarter, with especially strong development in Mexico and Peru. The solid performance in the region continues to be driven by strong leadership development and successful incentive programs.

Operating profit amounted to €7.2m (€5.0m) and operating margin to 17.6% (14.1%), favourably impacted by sales leverage.



## Sales, operating profit and consultants by Global Business Area

Sales (€ Million)	3 months ended 30 September			
	2016	2015	Change in Euro	Change in Lc
Asia & Turkey	97.5	77.2	26%	29%
CIS	67.2	77.2	(13%)	(3%)
Europe & Africa	70.4	71.3	(1%)	2%
Latin America	40.9	35.3	16%	26%
Manufacturing	0.7	0.6	4%	8%
Other	2.2	1.6	32%	32%
<b>Total sales</b>	<b>278.9</b>	<b>263.2</b>	<b>6%</b>	<b>12%</b>

Sales (€ Million)	9 months ended 30 September				LTM, Oct'15- Sep'16	Year end 2015
	2016	2015	Change in Euro	Change in Lc		
Asia & Turkey	311.0	248.4	25%	32%	411.4	348.8
CIS	231.8	283.0	(18%)	1%	335.8	387.0
Europe & Africa	234.0	232.1	1%	4%	331.0	329.1
Latin America	108.8	101.4	7%	22%	144.3	136.9
Manufacturing	3.2	2.4	35%	40%	3.9	3.1
Other	5.5	4.8	13%	13%	7.4	6.7
<b>Total sales</b>	<b>894.3</b>	<b>872.1</b>	<b>3%</b>	<b>13%</b>	<b>1,233.8</b>	<b>1,211.6</b>

Adj. operating profit (€ Million)	3 months ended 30 September			9 months ended 30 September			LTM, Oct'15- Sep'16	Year end 2015
	2016	2015	Change	2016	2015	Change		
Asia & Turkey	17.7	10.7	65%	55.5	34.2	62%	75.4	54.1
CIS	5.5	7.1	(23%)	17.9	26.6	(33%)	26.8	35.5
Europe & Africa	8.9	11.0	(18%)	33.1	34.4	(4%)	48.3	49.6
Latin America	7.2	5.0	45%	15.9	10.9	46%	21.0	16.0
Manufacturing	2.5	2.7	(7%)	7.5	3.8	97%	9.9	6.2
Other	(16.6)	(17.4)	4%	(52.7)	(48.6)	(2%)	(65.3)	(61.2)
<b>Total adj. operating profit</b>	<b>25.2</b>	<b>19.1</b>	<b>32%</b>	<b>77.2</b>	<b>61.3<sup>1</sup></b>	<b>26%</b>	<b>116.1<sup>2</sup></b>	<b>100.2<sup>3</sup></b>

<sup>1</sup>Adjusted for non-recurring items of €3.2m<sup>2</sup>Adjusted for non-recurring items of €6.4m<sup>3</sup>Adjusted for non-recurring items of €9.6m

Active consultants ('000)	30 September			Year end 2015
	2016	2015	Change	
Asia & Turkey	895	790	13%	928
CIS	784	1,075	(27%)	1,281
Europe & Africa	655	663	(1%)	774
Latin America	314	268	17%	263
<b>Total</b>	<b>2,648</b>	<b>2,796</b>	<b>(5%)</b>	<b>3,246</b>



0.4  
NET DEBT AT  
HEDGED VALUES  
/EBITDA

## Cash flow & investments

Cash flow from operating activities in the third quarter amounted to €-5.8m (€4.1m), primarily driven by change in inventory, lower gains from financial instruments and timing of receivables and payables, partly offset by higher EBITDA.

Cash flow used in investing activities amounted to €-2.3m (€-3.9m).

## Financial position

Net interest-bearing debt at hedged values amounted to €53.8m (€159.7m). The net debt at hedged values/EBITDA ratio was 0.4 (1.4).

Net interest-bearing debt amounted to €111.8m (€231.3m). The net debt/EBITDA ratio was 0.8 (2.1). Interest cover amounted to 7.1 (4.0) in the quarter and to 6.5 (4.8) during the last twelve months.

During the quarter \$14.1m of the Private Placement debt was prepaid, corresponding to a cash outflow of €9.9m.

## Covenant disclosure

As per the end of the third quarter 2016, the financial measures as defined in the Revolving Credit Facility Agreement and the Private Placement Notes Amendment document were as follows:

Consolidated Net Debt to Consolidated EBITDA: 0.6 (covenant at  $\leq$  3.0 times)

Consolidated EBITDA to Consolidated Finance costs: 11.1 (covenant at  $\geq$  5.0 times)

Consolidated Net Worth: €153m (covenant at  $\geq$  €120m)

Note that the definition of these measures differ from the definitions of the Net Debt to EBITDA and Interest cover disclosed in the other sections of the report, primarily related to gains from sales of assets and cash in non-OECD markets.

## Related parties

There have been no significant changes in the relationships or transactions with related parties compared with the information given in the Annual Report 2015.

## Nomination Committee for the 2017 Annual General Meeting

In accordance with Swiss company law the tasks to nominate the chairman of the board, board members and the external auditor as well as appoint the chair of the general meeting are among the unalienable responsibilities of the Board of Directors. Hence, a nomination committee can only be constituted among the Company's board members.

In advance of the 2017 Annual General Meeting the Company has formed a nomination and governance committee among its board members. The nomination and governance committee consists of Anders Dahlvig (Chairman) and Alexander af Jochnick. The nomination and governance committee will contact the Company's five largest shareholders, as known to the Company, to obtain input on the nominations. Anyone wishing to contact the nomination committee may do so via [corporate.governance@oriflame.com](mailto:corporate.governance@oriflame.com).

The 2017 Annual General Meeting will be held in Switzerland on 9 May, 2017.



## Dividend

In accordance with the 2016 Annual General Meeting dividend resolution, a dividend in the amount of €0.40 per outstanding share of the Company is to be distributed and paid in two instalments as follows: €0.20 to the shareholders of record on 15 November 2016 and €0.20 to the shareholders of record on 15 February 2017.

The payment of the first dividend instalment of €0.20 (or, where applicable, its SEK equivalent) is expected to occur on 22 November 2016 (5 business days after the Dividend Record Date). The last day of trading the share on the Nasdaq Stockholm Exchange with a right to this dividend instalment is 11 November 2016.

## Personnel

The average number of full-time equivalent employees decreased to 6,123 (6,350), driven by various efficiency measures.

## Year to date and fourth quarter update

The year to date sales development is approximately 13% in local currency and the development in the fourth quarter to date is approximately 7% in local currency.

## Long term targets

Oriflame aims to achieve local currency sales growth of approximately 10 percent per annum and an operating margin of 15 percent.

The business of the Group presents cyclical evolutions and is driven by a number of factors:

- Effectiveness of individual catalogues and product introductions
- Effectiveness and timing of recruitment programmes
- Timing of sales and marketing activities
- The number of effective sales days per quarter
- Currency effect on sales and results

## Financial Calendar for 2016/2017

The fourth quarter 2016 report will be published on 16 February 2017

Strategy briefing for the Capital Market: 16 February 2017

The 2017 Annual General Meeting will be held on 9 May 2017

The first quarter 2017 report will be published on 10 May 2017

The second quarter 2017 report will be published on 17 August 2017

The third quarter 2017 report will be published on 8 November 2017



## Other

A Swedish translation is available on [www.oriflame.com](http://www.oriflame.com).

### Conference call for the financial community

The company will host a conference call on Friday, 11 November 2016 at 09.30 CET.

#### Participant access numbers:

SE: +46 856642690  
NO: +47 23500252  
DK: +45 35445575  
FI: +358 981710491  
UK: +44 2030089802  
US: +1 8557532235

The conference call will also be audio web cast in “listen-only” mode through Oriflame’s website: [www.oriflame.com](http://www.oriflame.com) or through <http://oriflame-ir.creo.se/161111>

11 November 2016

Magnus Brännström  
Chief Executive Officer

This report has not been audited by the company’s auditors.

For further information, please contact:

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This information is information that Oriflame Holding AG is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:15 CET on November 11, 2016.

### Oriflame Holding AG

Bleicheplatz 3, CH-8200 Schaffhausen, Switzerland  
[www.oriflame.com](http://www.oriflame.com)  
Company registration no CHE-134.446.883



## Consolidated key figures

	3 months ended 30 September		9 months ended 30 September		LTM, Oct'15- Sep'16 <sup>2</sup>	Year end 2015 <sup>3</sup>
	2016	2015	2016	2015 <sup>1</sup>		
Gross margin, %	70.4	67.6	70.5	68.8	70.4	69.2
EBITDA margin, %	11.0	9.5	11.1	8.9	11.3	9.7
Adj. operating margin, %	9.0	7.3	8.6	7.0	9.4	8.3
Return on:						
- operating capital, %	-	-	32.4	19.8	32.4	25.4
- capital employed, %	-	-	25.7	17.9	25.7	20.7
Net debt at hedged values / EBITDA (LTM)	0.4	1.4	0.4	1.4	0.4	0.8
Net debt / EBITDA (LTM)	0.8	2.1	0.8	2.1	0.8	1.5
Interest cover	7.1	4.0	6.5	4.2	6.5	4.8
Average no. of full-time equivalent employees	6,123	6,350	6,248	6,559	6,301	6,535

<sup>1</sup> Adjusted for non-recurring items of €3.2m

<sup>2</sup> Adjusted for non-recurring items of €6.4m

<sup>3</sup> Adjusted for non-recurring items of €9.6m

## Definitions

### Operating capital

Total assets less cash and cash equivalents and non interest-bearing liabilities, including deferred tax liabilities.

### Return on operating capital

Operating profit divided by average operating capital.

### Capital employed

Total assets less non interest-bearing liabilities, including deferred tax liabilities.

### Return on capital employed

Operating profit plus interest income divided by average capital employed.

### Net interest-bearing debt

Interest-bearing debt excluding front fees less cash and cash equivalents.

### Interest cover

Operating profit plus interest income divided by interest expenses and charges.

### Net interest-bearing debt to EBITDA

Net interest-bearing debt divided by EBITDA.

### EBITDA

Operating profit before financial items, taxes, depreciation, amortisation and share incentive plan.



## Quarterly Figures

Financial summary	Q2'15 <sup>1</sup>	Q3'15	Q4'15 <sup>2</sup>	Q1'16	Q2'16	Q3'16
Sales, €m	301.0	263.2	339.5	305.8	309.6	278.9
Gross margin, %	70.7	67.6	70.3	69.5	71.5	70.4
EBITDA, €m	29.6	25.1	39.7	27.7	40.6	30.8
Adj. operating profit, €m	25.0	19.1	38.9	21.1	30.8	25.2
Adj. operating margin, %	8.3	7.3	11.5	6.9	9.9	9.0
Adj. net profit before income tax, €m	19.0	9.8	31.0	15.7	27.1	20.4
Adj. net profit, €m	11.9	4.9	15.2	10.7	18.1	12.7
Adj. EPS, diluted €	0.21	0.09	0.27	0.19	0.32	0.23
Cash flow from op. activities, €m	25.3	4.1	68.8	21.5	35.8	(5.8)
Net interest-bearing debt, €m	226.8	231.3	171.6	133.8	106.5	111.8
Active consultants, '000	3,023	2,796	3,246	3,105	2,862	2,648
Sales, €m	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Asia & Turkey	87.1	77.2	100.4	103.9	109.5	97.5
CIS	97.4	77.2	104.0	86.6	78.0	67.2
Europe & Africa	79.0	71.3	97.0	82.4	81.2	70.4
Latin America	35.7	35.3	35.6	29.4	38.5	40.9
Manufacturing	0.3	0.6	0.7	2.1	0.4	0.7
Other	1.5	1.6	1.8	1.4	2.0	2.2
<b>Oriflame</b>	<b>301.0</b>	<b>263.2</b>	<b>339.5</b>	<b>305.8</b>	<b>309.6</b>	<b>278.9</b>
Adj. operating Profit, €m	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Asia & Turkey	15.1	10.7	19.8	14.7	23.1	17.7
CIS	6.9	7.1	8.9	7.2	5.2	5.5
Europe & Africa	11.7	11.0	15.2	11.8	12.4	8.9
Latin America	4.1	5.0	5.1	2.6	6.1	7.2
Manufacturing	0.4	2.7	2.3	3.3	1.6	2.5
Other	(13.3)	(17.4)	(12.4)	(18.5)	(17.6)	(16.6)
<b>Oriflame</b>	<b>25.0<sup>1</sup></b>	<b>19.1</b>	<b>38.9<sup>2</sup></b>	<b>21.1</b>	<b>30.8</b>	<b>25.2</b>
Active consultants, '000	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Asia & Turkey	817	790	928	961	923	895
CIS	1,243	1,075	1,281	1,133	913	784
Europe & Africa	735	663	774	768	740	655
Latin America	228	268	263	243	286	314
<b>Oriflame</b>	<b>3,023</b>	<b>2,796</b>	<b>3,246</b>	<b>3,105</b>	<b>2,862</b>	<b>2,648</b>
Adj. operating Margin, %	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Asia & Turkey	17.3	13.8	19.8	14.2	21.1	18.1
CIS	7.1	9.2	8.6	8.4	6.7	8.1
Europe & Africa	14.8	15.4	15.7	14.3	15.2	12.7
Latin America	11.4	14.1	14.3	8.9	15.8	17.6
<b>Oriflame</b>	<b>8.3<sup>1</sup></b>	<b>7.3</b>	<b>11.5<sup>2</sup></b>	<b>6.9</b>	<b>9.9</b>	<b>9.0</b>
<sup>1</sup> Adjusted for non-recurring items of €3.2m <sup>2</sup> Adjusted for non-recurring items of €6.4m						
€ Sales Growth in %	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Asia & Turkey	39	34	32	23	26	26
CIS	(27)	(32)	(30)	(20)	(20)	(13)
Europe & Africa	(4)	2	3	1	3	(1)
Latin America	15	8	10	(3)	8	16
<b>Oriflame</b>	<b>(3)</b>	<b>(4)</b>	<b>(4)</b>	<b>(1)</b>	<b>3</b>	<b>6</b>
Cash Flow, €m	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Operating cash flow	25.3	4.1	68.8	21.5	35.8	(5.8)
Cash flow used in investing activities	(5.3)	(3.9)	(2.3)	(1.7)	(3.3)	(2.3)



## Condensed consolidated income statements

€'000	3 months ended 30 September		9 months ended 30 September		LTM, Oct'15- Sep'16	Year End 2015
	2016	2015	2016	2015		
Sales	278,880	263,220	894,275	872,072	1,233,766	1,211,563
Cost of sales	(82,577)	(85,174)	(264,085)	(272,357)	(364,976)	(373,248)
<b>Gross profit</b>	<b>196,303</b>	<b>178,046</b>	<b>630,190</b>	<b>599,715</b>	<b>868,790</b>	<b>838,315</b>
Other income	10,168	9,889	32,328	32,202	44,250	44,124
Selling and marketing expenses	(98,335)	(91,652)	(323,137)	(321,562)	(444,692)	(443,117)
Distribution and infrastructure	(22,206)	(21,340)	(68,028)	(68,500)	(92,864)	(93,336)
Administrative expenses	(60,697)	(55,833)	(194,176)	(183,787)	(265,736)	(255,347)
<b>Operating profit*</b>	<b>25,233</b>	<b>19,110</b>	<b>77,177</b>	<b>58,068</b>	<b>109,748</b>	<b>90,639</b>
Financial income	6,961	9,426	22,561	47,744	37,496	62,679
Financial expenses	(11,747)	(18,721)	(36,556)	(63,236)	(59,351)	(86,031)
<b>Net financing costs</b>	<b>(4,786)</b>	<b>(9,295)</b>	<b>(13,995)</b>	<b>(15,492)</b>	<b>(21,855)</b>	<b>(23,352)</b>
<b>Net profit before income tax</b>	<b>20,447</b>	<b>9,815</b>	<b>63,182</b>	<b>42,576</b>	<b>87,893</b>	<b>67,287</b>
Total income tax expense	(7,712)	(4,922)	(21,646)	(17,316)	(37,446)	(33,116)
<b>Net profit*</b>	<b>12,735</b>	<b>4,893</b>	<b>41,536</b>	<b>25,260</b>	<b>50,447</b>	<b>34,171</b>

\* The analysis of operating profit and net profit is disclosed in note 3.

## Earnings per share

€	3 months ended 30 September		9 months ended 30 September		LTM, Oct'15- Sep'16	Year end 2015
	2016	2015	2016	2015		
EPS:						
- basic	0.23	0.09	0.75	0.45	0.91	0.62
- diluted	0.23	0.09	0.74	0.45	0.89	0.62
Weighted avg. number of shares outstanding:						
- basic	55,741,121	55,608,563	55,674,599	55,608,563	55,657,954	54,868,150
- diluted	56,471,971	55,608,563	56,371,637	55,608,563	56,388,805	54,868,150
Total number of shares outstanding (excluding treasury shares)	55,741,121	55,608,563	55,741,121	55,608,563	55,741,121	55,608,563



## Condensed consolidated statements of comprehensive income

€'000	3 months ended 30 September		9 months ended 30 September		LTM, Oct'15- Sep'16	Year end 2015
	2016	2015	2016	2015		
<b>Net profit</b>	<b>12,735</b>	<b>4,893</b>	<b>41,536</b>	<b>25,260</b>	<b>50,447</b>	<b>34,171</b>
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Remeasurements of net defined liability, net of tax	-	-	(837)	-	(1,087)	(250)
Revaluation reserve	129	(43)	(82)	(43)	(150)	(110)
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>129</b>	<b>(43)</b>	<b>(919)</b>	<b>(43)</b>	<b>(1,237)</b>	<b>(360)</b>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences for foreign operations	(906)	(28,539)	1,369	(19,115)	(3,327)	(23,812)
Effective portion of changes in fair value of cash flow hedges, net of tax	571	9,112	(2,390)	4,894	(8,233)	(948)
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>(335)</b>	<b>(19,427)</b>	<b>(1,021)</b>	<b>(14,221)</b>	<b>(11,560)</b>	<b>(24,760)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>(206)</b>	<b>(19,470)</b>	<b>(1,940)</b>	<b>(14,264)</b>	<b>(12,796)</b>	<b>(25,120)</b>
<b>Total comprehensive income for the period</b>	<b>12,529</b>	<b>(14,577)</b>	<b>39,596</b>	<b>10,996</b>	<b>37,651</b>	<b>9,051</b>



## Condensed consolidated statements of financial position

€'000	30 September, 2016	31 December, 2015	30 September, 2015
<b>Assets</b>			
Property, plant and equipment	155,110	153,138	160,983
Intangible assets	14,021	17,356	17,696
Investment property	542	542	589
Deferred tax assets	23,122	20,796	18,413
Other long-term receivables	1,051	992	1,057
<b>Total non-current assets</b>	<b>193,846</b>	<b>192,824</b>	<b>198,738</b>
Inventories	157,976	162,514	170,865
Trade and other receivables	68,034	62,725	65,017
Tax receivables	7,799	7,051	6,218
Prepaid expenses	36,957	37,032	41,528
Derivative financial assets	60,394	85,098	92,760
Cash and cash equivalents	144,831	176,384	112,640
<b>Total current assets</b>	<b>475,991</b>	<b>530,804</b>	<b>489,028</b>
<b>Total assets</b>	<b>669,837</b>	<b>723,628</b>	<b>687,766</b>
<b>Equity</b>			
Share capital	79,850	79,788	79,788
Treasury shares	(80)	(621)	(621)
Share premium	654,381	654,381	654,381
Reserves	(178,860)	(178,675)	(166,942)
Retained earnings	(381,099)	(401,416)	(412,781)
<b>Total equity</b>	<b>174,192</b>	<b>153,457</b>	<b>153,825</b>
<b>Liabilities</b>			
Interest-bearing loans	191,967	343,437	337,364
Other long-term non interest-bearing liabilities	838	839	1,385
Net defined benefit liability	4,712	3,652	3,369
Deferred income	320	324	350
Deferred tax liabilities	1,417	3,860	2,613
<b>Total non-current liabilities</b>	<b>199,254</b>	<b>352,112</b>	<b>345,081</b>
Current portion of interest-bearing loans	63,474	2,963	4,977
Trade and other payables	71,969	82,345	67,779
Shareholders liability	22,296	-	-
Deferred Income	461	767	1,728
Tax payables	15,420	15,324	11,163
Accrued expenses	109,475	99,072	95,879
Derivative financial liabilities	4,433	3,785	5,210
Provisions	8,863	13,803	2,124
<b>Total current liabilities</b>	<b>296,391</b>	<b>218,059</b>	<b>188,860</b>
<b>Total liabilities</b>	<b>495,645</b>	<b>570,171</b>	<b>533,941</b>
<b>Total equity and liabilities</b>	<b>669,837</b>	<b>723,628</b>	<b>687,766</b>



## Condensed consolidated statements of changes in equity

€'000	Share capital	Treasury shares	Share premium	Total reserves	Retained earnings	Total equity
<b>At 1 January 2015</b>	<b>71,527</b>	<b>(41,235)</b>	<b>15,324</b>	<b>(150,630)</b>	<b>245,931</b>	<b>140,917</b>
Net profit	-	-	-	-	25,260	25,260
Other comprehensive income, net of tax	-	-	-	(14,264)	-	(14,264)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,264)</b>	<b>25,260</b>	<b>10,996</b>
Share incentive plan	-	-	-	1,912	-	1,912
Change in common shares, treasury shares and share premium associated with change in parent company	8,261	40,614	639,057	(3,960)	(683,972)	-
<b>Total contributions and distributions</b>	<b>8,261</b>	<b>40,614</b>	<b>639,057</b>	<b>(2,048)</b>	<b>(683,972)</b>	<b>1,912</b>
<b>At 30 September 2015</b>	<b>79,788</b>	<b>(621)</b>	<b>654,381</b>	<b>(166,942)</b>	<b>(412,781)</b>	<b>153,825</b>
<b>At 1 January 2016</b>	<b>79,788</b>	<b>(621)</b>	<b>654,381</b>	<b>(178,675)</b>	<b>(401,416)</b>	<b>153,457</b>
Net profit	-	-	-	-	41,536	41,536
Other comprehensive income, net of tax	-	-	-	(1,103)	(837)	(1,940)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,103)</b>	<b>40,699</b>	<b>39,596</b>
Issue of ordinary shares in relation to share incentive plan	62	-	-	(862)	800	-
Treasury shares used in relation to share incentive plan	-	541	-	(1,655)	1,114	-
Share incentive plan	-	-	-	3,435	-	3,435
Dividends	-	-	-	-	(22,296)	(22,296)
<b>Total contributions and distributions</b>	<b>62</b>	<b>541</b>	<b>-</b>	<b>918</b>	<b>(20,382)</b>	<b>(18,861)</b>
<b>At 30 September 2016</b>	<b>79,850</b>	<b>(80)</b>	<b>654,381</b>	<b>(178,860)</b>	<b>(381,099)</b>	<b>174,192</b>



## Condensed consolidated statements of cash flows

	3 months ended 30 September		9 months ended 30 September	
	2016	2015	2016	2015
€'000				
<b>Operating activities</b>				
<b>Net profit before income tax</b>	<b>20,447</b>	<b>9,815</b>	<b>63,182</b>	<b>42,576</b>
Adjustments for:				
Depreciation of property, plant and equipment	4,569	4,805	13,598	14,615
Amortisation of intangible assets	427	1,009	2,437	3,161
Change in fair value of borrowings and derivatives financial instruments	(196)	863	2,862	15,927
Impairment	-	-	2,473	-
Deferred income	48	(271)	(357)	(803)
Share incentive plan	586	212	3,435	1,912
Unrealised exchange rate differences	1,050	4,091	(10,399)	(3,351)
Profit on disposal of property, plant and equipment, intangible assets	(711)	(43)	(780)	(66)
Financial income	(4,158)	(4,882)	(12,996)	(15,472)
Financial expenses	5,644	7,705	18,489	23,570
<b>Operating profit before changes in working capital and provisions</b>	<b>27,706</b>	<b>23,304</b>	<b>81,944</b>	<b>82,069</b>
(Increase)/Decrease in trade and other receivables, prepaid expenses and derivative financial assets	(4,627)	(11,769)	(5,483)	43,966
(Increase)/Decrease in inventories	(15,155)	(8,477)	11,445	(6,050)
Increase/(Decrease) in trade and other payables, accrued expenses and derivatives financial liabilities	(1,602)	8,189	1,163	(34,450)
Decrease in provisions	(2,226)	(962)	(5,494)	(3,719)
<b>Cash generated from operations</b>	<b>4,096</b>	<b>10,285</b>	<b>83,575</b>	<b>81,816</b>
Interest received	3,856	5,225	14,021	15,572
Interest and bank charges paid	(4,799)	(7,292)	(19,539)	(24,264)
Income taxes paid	(8,990)	(4,133)	(26,634)	(19,661)
<b>Cash flow from operating activities</b>	<b>(5,837)</b>	<b>4,085</b>	<b>51,423</b>	<b>53,463</b>
<b>Investing activities</b>				
Proceeds on sale of property, plant and equipment, intangible assets and investment property	873	181	1,097	304
Purchases of property, plant, equipment and investment property	(2,600)	(3,805)	(6,706)	(12,156)
Purchases of intangible assets	(566)	(298)	(1,630)	(1,340)
<b>Cash flow used in investing activities</b>	<b>(2,293)</b>	<b>(3,922)</b>	<b>(7,239)</b>	<b>(13,192)</b>
<b>Financing activities</b>				
Proceeds from borrowings	-	76	-	76
Repayments of borrowings	(9,980)	-	(72,013)	(19,937)
Decrease of finance lease liabilities	(0)	(3)	(4)	(27)
Dividends paid	(0)	(3)	(0)	(3)
<b>Cash flow used in financing activities</b>	<b>(9,980)</b>	<b>70</b>	<b>(72,017)</b>	<b>(19,891)</b>
<b>Change in cash and cash equivalents</b>	<b>(18,110)</b>	<b>232</b>	<b>(27,833)</b>	<b>20,380</b>
Cash and cash equivalents at the beginning of the period net of bank overdrafts	163,528	116,150	176,384	95,515
Effect of exchange rate fluctuations on cash held	(644)	(3,994)	(3,777)	(3,507)
<b>Cash and cash equivalents at the end of the period net of bank overdrafts</b>	<b>144,774</b>	<b>112,388</b>	<b>144,774</b>	<b>112,388</b>



## Notes to the condensed consolidated interim financial statements of Oriflame Holding AG

### Note 1 • Status and principal activity

Oriflame Holding AG ("OHAG" or the "Company") is a holding company incorporated in Switzerland and registered at Bleicheplatz 3, CH-8200 Schaffhausen. The principal activity of the Company's subsidiaries is the direct sale of cosmetics. The condensed consolidated interim financial statements ('interim financial statements') of the Company as at and for the nine months ended 30 September 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

### Note 2 • Basis of preparation and summary of significant accounting policies

#### Statement of compliance

The condensed consolidated interim financial statements for the nine months period ended 30 September 2016 have been prepared by management in accordance with the measurement and recognition principles of IFRS and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015. The condensed consolidated interim financial statements were authorised for issue by the Directors on 10 November 2016.

#### Significant accounting policies, use of judgements and estimates

The accounting policies, significant judgements and key sources of estimation uncertainty applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015.

#### New or amended IFRS standards

The new or amended IFRS standards, which became effective 1 January 2016, have had no material effect on the condensed consolidated interim financial statements.

### Note 3 • Analysis of operating profit and net profit

The non-recurring items in 2015 relate to pension and restructuring entries.

€'000	3 months ended 30 September		9 months ended 30 September		LTM, Oct' 15 - Sep'16	Year End 2015
	2016	2015	2016	2015		
<b>Analysis of operating profit:</b>						
Adjusted operating profit	25,233	19,110	77,177	61,303	116,060	100,186
Non-recurring items	-	-	-	(3,235)	(6,312)	(9,547)
<b>Operating profit</b>	<b>25,233</b>	<b>19,110</b>	<b>77,177</b>	<b>58,068</b>	<b>109,748</b>	<b>90,639</b>
<b>Analysis of net profit:</b>						
Adjusted net profit	12,735	4,893	41,536	28,010	56,759	43,233
Non-recurring items	-	-	-	(3,235)	(6,312)	(9,547)
Non-recurring tax items	-	-	-	485	-	485
<b>Net profit</b>	<b>12,735</b>	<b>4,893</b>	<b>41,536</b>	<b>25,260</b>	<b>50,447</b>	<b>34,171</b>

**Adjusted Earnings Per Share**

€	3 months ended 30 September		9 months ended 30 September		LTM, Oct'15- Sep'16	Year end 2015
	2016	2015	2016	2015		
*Adj. EPS:						
- basic	0.23	0.09	0.75	0.50	1.02	0.79
- diluted	0.23	0.09	0.74	0.50	1.01	0.79
Weighted avg. number of shares outstanding:						
- basic	55,741,121	55,608,563	55,674,599	55,608,563	55,657,954	54,868,150
- diluted	56,471,971	55,608,563	56,371,637	55,608,563	56,388,805	54,868,150
Total number of shares outstanding (excluding treasury shares)	55,741,121	55,608,563	55,741,121	55,608,563	55,741,121	55,608,563

\*Adj EPS calculation is based on the adjusted net profit